

Quarterly Report 1/2007



The future is our tradition



Key data quarter 1/2007

PORR Group

Values in million EUR	First Quarter 2007	Change	First Quarter 2006
Group output	433.3	38.9%	312.0
of which domestic	292.8	46.0%	200.5
of which foreign	140.5	26.0%	111.5
Foreign share of total output in %	32.4	- 3.3 PP	35.7
Total order receipts	621.5	- 19.9%	776.0
of which domestic	406.2	- 20.1%	508.5
of which foreign	215.3	- 19.5%	267.5
Total order balance	2,201.6	14.1%	1,928.7
for the rest of the current year	1,466.4	14.4%	1,281.3
for subsequent years	735.2	13.6%	647.4
Domestic order balance	1,370.2	11.3%	1,231.4
for the rest of the current year	900.3	11.9%	804.3
for subsequent years	469.9	10.0%	427.1
Foreign order balance	831.4	19.2%	697.3
for the rest of the current year	566.1	18.7%	477.0
for subsequent years	265.3	20.4%	220.3
Average staffing level	9,793	12.0%	8,742
of which blue-collar workers	6,002	13.5%	5,289
of which salaried employees	3,791	9.8%	3,453
Staffing level at end of quarter	10,607	13.1%	9,380
of which blue-collar workers	6,756	14.5%	5,903
of which salaried employees	3,851	10.8%	3,477

Cover:

Housefronts on the Grand Canal in Venice, Italy
Residential Houses, Monte Laa, Vienna

Letter to the shareholders

Quarter 1/2007

DEAR SHAREHOLDERS,

The long awaited and predicted market development finally got under way in the first quarter of 2007. The expansion boom is still going on, costs are outstripping prices and in a few sectors there are increasing shortages of specialist staff. We are continuing to use selective acquisitions to achieve our strategy of largely qualitative – in other words controlled – growth: we are not taking up potential orders whose framework conditions do not comply with our conceptions. In addition, we are paying particular attention to relevant staff development, both at home and abroad, so as to be able to maintain our well-known high levels of quality in terms of planning and performance.

Many of our customers are not taking the altered market conditions into account in their cost estimates. As a result, these figures are often set too low but they still serve as a template for price negotiations.

Nonetheless, we are of the assumption that by 2008 prices and costs will have settled at a reasonable level so that the financial standing of our orders will improve. Contractors will increasingly move towards appointing both general contractors and total solutions providers since this is the only way to ensure price, deadline and quality. They will also increasingly pass on the role of investor to the bidders and invest the capital thus released in their core sectors. The PORR Group is well equipped for taking on tasks of this type.

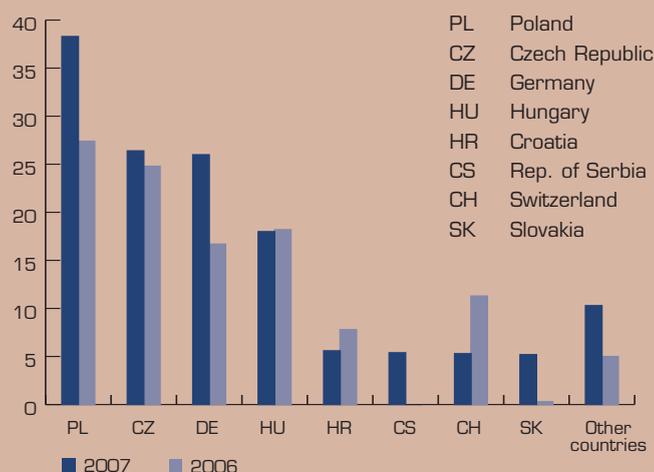
The favourable weather conditions in the first quarter resulted in disproportionately large increases in sales. But we expect growth to be as planned by the end of the year as weather conditions normally balance out over the course of the year on the whole.

PORR will be issuing another bond in the first half of 2007 to further improve financial structure and to safeguard expansion into the CEE states. The concrete figures for the volume of the bond and conditions of issue will be announced in May.

PRODUCTION OUTPUT

In contrast to 2006, the start of the year faced a fairly long period of unusually favourable weather conditions. As a result, the production output of EUR 433.3 million for the first three months of 2007 exceeded the previous year's figure by about 39 percent. EUR 292.8 million of this was generated in Austria, corresponding to approximately 67.6 percent of the total output. Foreign output is 32.4 percent or EUR 140.5 million. These output volumes mean that substantial increases were achieved both domestically (plus 46.0 percent) and abroad (plus 26.0 percent).

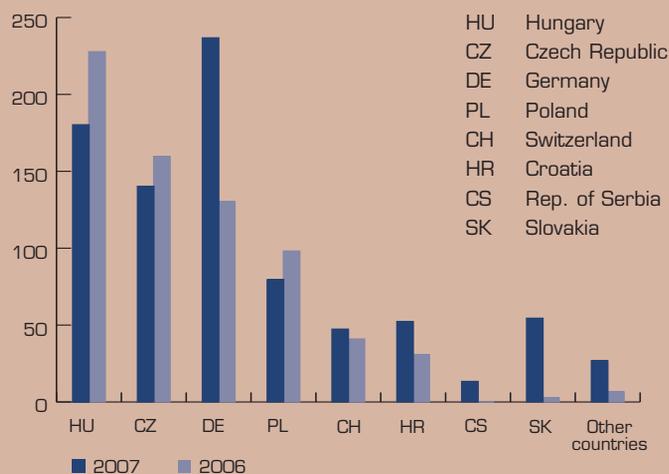
Distribution of foreign output by country in first quarter 2007 in EUR million



As in the previous year, the most important foreign market for the PORR Group in the first quarter of 2007 was once again Poland. A number of fairly large office and commercial buildings, where construction had commenced at the end of 2006, yielded output figures of EUR 38.3 million in the first quarter, an increase of about 40 percent above the previous year. Output volume in the Czech Republic increased by some 7 percent to EUR 26.4 million with the construction of building projects of medium size, particularly in the office and commercial building division and the residential building division. The marked economic recovery in Germany is also reflected in production output for the first quarter of 2007. The figure of EUR 26.0 million exceeded the value for the previous year by about 56 percent. Building construction was the predominant decisive factor in this increase, with significantly larger volumes being processed than in 2006 in the industrial construction, office and commercial building, and other building construction divisions. Hungary is close to the previous year's output level with total output of EUR 18.0 million as of the reporting date, the highest volumes resulting from the civil engineering bridge construction division, in connection with the M0 in Budapest, and the division for other specialist civil engineering, from the M7.

As in the first quarter of 2006, the largest proportion of the Group output was generated by building construction: with a figure of EUR 185.9 million, the sector accounted for some 43 percent of total output volume. This exceeded even last year's good figures by some 16.3 percent. Civil engineering made about 32 percent of the total output with EUR 138.0 million and was thus able to improve on its figure for the previous year by 45.8 percent.

Distribution of foreign orders on hand by country as of 31st March 2007 in EUR million



CURRENT ORDERS SITUATION

The order balance of over EUR 2 billion at the end of the 2006 reporting year was increased still further in the first three months of 2007. Although EUR 621.5 million in new orders is a decrease in comparison with the previous year, a high order balance can nonetheless be reported at EUR 2,201.6 million. This exceeds the comparable figure for last year by EUR 272.9 million or 14.1 percent. 62.2 percent of this figure or EUR 1,370.2 million comes from domestic business, 37.8 percent or EUR 831.4 million from abroad. About two-thirds of the total order balance, or EUR 1,466.4 million, are still to be delivered in the current year. Order values for subsequent years, at EUR 735.2 million, are about 13.6 percent above the figure for the previous year, thus creating a good basis for continued selective acquisition.

37.8 percent or EUR 831.4 million of the total order balance are for foreign markets. This alone is enough to show that the proportion of the PORR Group's production output accounted for by foreign orders is set to rise in the current year from the figure of just under 30 percent as at the end of 2006. The situation is varied on the PORR Groups' most important foreign markets. Significant increases in orders in Germany (plus EUR 106.5 million to EUR 236.8 million), in Slovakia (plus EUR 51.7 million to EUR 54.5 million) and in Croatia (plus EUR 21.4 million to EUR 52.3 million) more than compensate for the somewhat sluggish order situation in what were the PORR Group's principal markets last year, such as Hungary (minus EUR 47.4 million to EUR 180.3 million), the Czech Republic (minus EUR 19.3 million to EUR 140.3 million) and Poland (minus EUR 18.7 million to EUR 79.5 million). Among with Switzerland,

with EUR 47.4 million (plus EUR 6.4 million), Romania, with EUR 15.9 million, and the Republic of Serbia, with EUR 13.4 million, also presently have order balances that are worthy of note.

While building construction, with a figure of EUR 871.8 million, exceeded the comparison value for the previous year by 18.5 percent or EUR 136.3 million, civil engineering saw an increase of only 5.2 percent but it nonetheless passed the one-billion-euro mark for the first time with a figure of EUR 1,045.9 million. The office and commercial buildings division recorded the most outstanding results in building construction: a volume of EUR 305.8 million representing an increase of 50.4 percent over the previous year. Civil engineering, in comparison, is predominantly supported by tunnel construction, recording an increase of 85.6 percent over 2006 at EUR 438.5 million as of the reporting date. Bridge and elevated road construction is also recording a higher order balance than in 2006 with a figure of EUR 96.0 million (plus 47.9 percent).

PERSONNEL

The unusually good weather conditions in the first quarter of 2007 also called for correspondingly high personnel numbers. An average of 9,793 people were employed in the first three months of the year. This is an increase of 12.0 percent or 1,051 employees in comparison with the previous year. The principal component of this increase in personnel related to workers (plus 713 to 6,002 people), with this change being attributable almost entirely to the domestic sector. In contrast, the PORR Group's strategy of increasingly stepping up foreign activities is reflected in the numbers of salaried employees in particular. The rise in personnel numbers by 338 people to 3,791 employees is derived from an increase of 199 people abroad and 139 people in Austria. However, the increase in staff numbers should be regarded as disproportionately low in the light of the anticipated increased output.

EARNINGS SITUATION

The development of earnings in the PORR Group in the first quarter of 2007 is also characterised by the favourable weather conditions, which not only resulted in a corresponding increase in output but also allowed the achievement of an improved contribution margin. In the operating sectors, structural measures undertaken are also having a positive effect. Consequently, the previous year's negative result, which was still due to seasonal influences, was improved by EUR 0.7 million to minus EUR 4.0 million.

Outlook for 2007

OUTPUT IN 2007

Against the backdrop of a temporary slight depression in the global economy, the PORR Group anticipates that the positive business development will continue. A consistent forward strategy will make it possible to utilise the considerable opportunities for growth in the years to come. By increasing competitiveness, the Group will succeed in securing and further expanding its good position on all markets. The PORR Group is planning production output of EUR 2.6 billion for 2007. This would be some EUR 300 million or about 13 percent higher than the 2006 figure. In accordance with the Group strategy of utilising the potential of the countries of central, eastern and south-eastern Europe, the greatest proportion of the increase in production output will be generated in this economic area. The PORR Group is therefore expected to exceed the one-billion-euro mark for production output generated abroad for the first time in 2007, while being able to continue to maintain the high domestic level with a volume of EUR 1.6 billion.

EARNINGS SITUATION IN 2007

PORR has been able to start the current fiscal year with a very good order situation. In conjunction with the positive economic prospects in the EU economic area, which will continue in the future to be the decisive market for the company, PORR will be aiming for further improvements in the earnings situation, making use of additional cost management expansion and forcing those divisions that are clearly more profitable, such as project development in the building construction and civil engineering sectors.

Vienna, May 2007

The Executive Board

Major new orders for the PORR Group in the first quarter 2007

New construction of Schaala bypass in Rudolstadt-Schaala (Germany) by Porr Technobau München GmbH

Hotel Plakir Dubrovnik in Dubrovnik (Croatia) by Porr Hrvatska d.o.o.

Upper Austrian "Arbeiterkammer" (Workers' Association) in Linz by Porr GmbH

Grzybowska Park office building in Warsaw (Poland) by Porr (Polska) S.A.

Boku Biotech Centre in Vienna by Porr Projekt und Hochbau AG

Wellness Hotel Visegrad in Visegrad (Hungary) by Porr Építési Kft.

Egger halls, phase IV, in Sens Radauti (Romania) by Porr Construct S.R.L.

IQ office building in Schillerstrasse in Salzburg by Porr GmbH

AH Landeck City residential and commercial park in Landeck by Porr GmbH

Hybernska 12 Hotel in Prague (Czech Republic) by Porr (Česko) a.s.

Hotel Angelo in Pízen (Pilsen, Czech Republic) by Porr (Česko) a.s.

Holiday Inn Berlin in Berlin (Germany) by Porr Deutschland GmbH

Major renovation of Theater Josefstadt theatre in Vienna by Porr Projekt und Hochbau AG

Disclaimer

Statements relating to the future in this quarterly report are based on estimates and assumptions which are made, to the best of their current knowledge, by managerial staff. Future-related statements may be identified as such by expressions such as "anticipated", "target" or similar constructions. Forecasts concerning the future development of the company take the form of estimates based on information available at the time of going to press. Actual results may differ from forecast values where the assumptions on which these are based should prove incorrect or risks should develop in unforeseeable ways.

Every care has been taken in the compilation of this quarterly report to ensure the accuracy and completeness of information in all sections. However, round-off, typesetting and printing errors cannot be completely ruled out.

Selected PORR Group construction projects in the first quarter of 2007

	DIVISION	PLACE	COUNTRY
PORR PROJEKT UND HOCHBAU AG (PPH)			
Euro-Plaza, building lot 4	Office and commercial buildings	Vienna	Austria
Skyline Spittelau	Office and commercial buildings	Vienna	Austria
Stary Browar 2*	Office and commercial buildings	Poznań	Poland
Ferio Legnica	Office and commercial buildings	Warsaw	Poland
IO-1 Warschau	Office and commercial buildings	Warsaw	Poland
Acerinox	Office and commercial buildings	Warsaw	Poland
Equator 1	Office and commercial buildings	Warsaw	Poland
Hotel Andels Krakau	Other building construction	Krakow	Poland
Delta City Shopping Centre Belgrade	Office and commercial buildings	Belgrade	Serbia
SLSP Headoffice Bratislava	Office and commercial buildings	Bratislava	Slovakia
Halle Pegas	Industrial construction	Znojmo	Czech Rep.
Residential building complex Dalejske Vyhledy	Residential buildings	Jilove u. Prahy	Czech Rep
Budafoki office building Budapest	Office and commercial buildings	Budapest	Hungary
PORR TECHNOBAU UND UMWELT AG (PTU)			
Wienerwald tunnel*	Tunnel construction	Chorherrn	Austria
Tunnel S 35, project unit 22*	Tunnel construction	Pernegg an der Mur	Austria
Ganzstein tunnel, 2nd tube*	Tunnel construction	Mürzzuschlag	Austria
Tauern tunnel, 2nd tube*	Tunnel construction	Flachau	Austria
Brenner railway axis H3-4*	Tunnel construction	Kramsach	Austria
Arlberg railway tunnel*	Railway construction	Langen am Arlberg	Austria
Limberg II pumped storage power plant (Kaprun)*	Other civil engineering	Kaprun	Austria
Osram Opto GmbH*	Industrial construction	Burgweinting	Germany
Sopac tunnel	Tunnel construction	Delnice	Croatia
Warszawskie bridges*	Bridge construction	Wroclaw	Poland
Egger chipboard factory	Industrial construction	Suceava	Romania
Ptuj bridge	Bridge construction	Ptuj	Slovenia
Eastern section of MO motorway	Road construction	Budapest	Hungary
M7 motorway	Road construction	Savoly	Hungary
TEERAG-ASDAG AG (T-A)			
A4 widening 2006*	Road construction	Vienna	Austria
General overhaul of A1, Steyrermühl-Regau*	Road construction	Regau	Austria
Preliminary work for general overhaul of A2*	Road construction	Baden	Austria
Gnas link road tunnel	Other civil engineering	Gniebing	Austria
Katschberg tunnel sealing	Other civil engineering	Rennweg	Austria
Overhaul of road no. 60	Road construction	Ciechanow	Poland

*Released as joint venture

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